

H D  
9100  
.8  
G7  
F79  
1864  
MAIN

RARIES

UC-NRLF



B 3 538 295

UTIES.

AN EXAMINATION

OF THE

LETTER

ADDRESSED BY

MUND POTTER, M. P.

TO THE

ON. W. E. GLADSTONE, M. P.

By ALFRED FRYER.

---

MANCHESTER:

GALT & CO., DUCIE STREET.

, PRINTER BY STEAM POWER, CHAPEL STREET, SALFORD.

1864.



Pam

2341

# THE SUGAR DUTIES.

---

AN EXAMINATION

OF THE

LETTER

ADDRESSED BY

EDMUND POTTER, M. P.

TO THE

RT. HON. W. E. GLADSTONE, M. P.

By ALFRED FRYER.

---

MANCHESTER:

GALT & CO., DUCIE STREET.

J. ROBERTS, PRINTER BY STEAM POWER, CHAPEL STREET, SALFORD.

1864.

## REFERENCES.

---

- A Letter to the Rt. Hon. W. E. Gladstone, M.P., by Edmund Potter, M.P., 1863. Page referred to thus [P. 18].
- Report from the Select Committee on Sugar Duties, 1862. Question referred to thus [R. 4364].
- Report of the Proceedings of the International Conference between the Representatives of Belgium, France, Great Britain, and Holland, respecting the drawbacks on Refined Sugar, held at Paris, in 1863. R. A. Ogilvie, Esq., 1863. Page referred to thus [O. 6].
- Letter from Mr. Mallet (Board of Trade) to the Secretary to the Treasury, respecting the Conference in Paris, 7th July, 1863. Paragraph referred to thus [M. 10].
- Sugar: its Composition, Properties, Preparation, Adulteration, &c., by Professor Charles A. Cameron, Ph.D., M.D., M.R.I.A., &c. Page referred to thus [C. 15].
- Food and its Adulterations; comprising the Reports of the Analytical Sanitary Commission of the Lancet, by A. H. Hassal, M.D., &c., &c. Page referred to thus [H. 20.]

HD9100  
.5  
G7F79  
1864  
MAIN

## AN EXAMINATION, &c.

---

THE Honourable Member for Carlisle having published his letter on the Sugar Duties, the document becomes fairly open to criticism. As the greater portion of the letter advocates views inconsistent with Free Trade, and opposed to the principle of our fiscal legislation, it is worth while to examine it somewhat closely.

That the present rates of duty are excessive, that they include a portion of the Russian War Tax still unrepealed, and that a considerable diminution in their amount would be satisfactory, all are agreed; while the Chancellor of the Exchequer is as anxious to reduce them as any one else, and requires not to be told that a bold reduction would be followed by increased consumption, by which the Exchequer would in part repair its loss.

Those portions of Mr. Potter's pamphlet which are devoted to the pleas in favour of reduced

duties are fully adopted, and may be passed over without further remark.

One eleventh of the national expenditure is paid by the tax on sugar; and the question which has claimed much attention of late is, "What is the most equitable manner of imposing the tax?" The main, if not the sole, interest to consider, is that of the consumer, and the question might soon have been answered, if interested parties, viz., Planters and Merchants,—Refiners, Foreign, Colonial and Home—together with one solitary Grocer, [R. 3504, 3505,] had not contributed their varied solutions of the question.

Pure crystalline sugar is the article selected for taxation. The glistening cubes which make their appearance in company with the tea-pot, the large and beautiful crystals so difficult of solution in the juice of fruit-tarts, and white sugar candy are pure sugar. Everything purporting to be sugar that is damp, coloured, sticky, or liquid contains more or less foreign matter. Among our imports may be found every gradation of purity, from the solid sparkling lump of the Dutch Refineries down to the thin and inferior molasses, from which 10 per cent. of sugar cannot be extracted; and between these may be ranged, in insensible grada-

tion, every variety of refined sugar and raw, melado and molasses.

Sugar may be separated from its associated impurities, like metal from its ore, and when extracted, being constant in its composition, is equally pure and good.

It is this extractable crystallizable sugar that is the object of taxation, and the dirt, the water and the treacle that exist in combination with all raw sugar and molasses, escape the tax in the same manner as the moisture present in the tobacco leaf, and the water blended with the rum or brandy.

The system of levying the tax which has been adopted in the sugar, spirit, and tobacco duties, is universal. Even the nominal duty charged upon grain is less than upon flour, because the former comprises the bran. Unroasted coffee contains moisture, and therefore pays per cwt., less than roasted, and so throughout the tariff. Even the tea duty is identical in principle. Tea, like flour, may be fine or common, but it is all *tea*, there is neither water nor bran to make allowance for.

Sugar, as is well known, is extracted chiefly from the sugar cane in the tropics, and from the sugar beet in portions of the continent of Europe. The expression of the juice is followed by the coagula-

tion of the vegetable albumen, and the water is then removed by boiling.

When this process is most carefully and scientifically conducted, the residue is sugar, and a small portion of molasses; and when less attention is paid to this important process, a proportionately larger amount of molasses results.

The molasses will yield, upon further treatment, a portion of sugar, and a duty is therefore imposed, to protect the revenue,—but the treacle, or liquid sweet, from which sugar is not extracted, is practically duty free. Other sweet substances are not amenable to the tax,—thus honey, manna, dates, Spanish juice, sugar of milk, liquorice, beet root, carrots, &c., are duty free, yet if any enterprising individual employed himself in obtaining the sugar from the beet or other substance, doubtless the Excise would take him under their care; but he is perfectly free to eat the sugar-yielding articles himself, or to feed his cattle upon them, leaving the extraction to the living organism, which can transmute, assimilate or even separate this wonderful substance.

Let it not be supposed that the pure Loaf Sugar can be extracted direct from the cane. Difficulties of the most formidable character beset the planter:



if each separate cane ripened perfectly and could be cut at the exact moment of its maturity, all its yield would not be sugar; the top portion is unripe when the lowest portion has passed its best, and the plants absorb from the soil, salts, which effectually prevent the crystallization of the whole sugar. But storms and droughts, rains, and even rats, each do what mischief they can, and the climate and composition of the soil have much to do with the yield. But the canes cannot be cut and ground exactly at maturity, the crop extends over several months, and the moment the juice is freed from its cell, the oxygen of the air attacks it, and the tendency to ferment in a tropical climate is irresistible. With the most successful culture and the most complete apparatus, the planter may produce (together with a portion of inferior quality,) a grey dry sugar of considerable purity, one admirably fitted to be refined into lump sugar, but an article inferior in colour and quality to that which is consumed by most of the operatives of Lancashire, or the artisans of Glasgow. This then is the most that the planter can effect, but few attain it, and in proportion to the advantages of climate, capital, skill, and command of labour enjoyed, is the power of the planter to make fine

raw sugar. The poor native of Bengal with his rudè contrivances and simple method, can only produce an article, dark and sticky, from which, only 50 per cent of sugar is extractable; yet this 50 per cent when separated by the refiner, and placed before the consumer, in no way differs in appearance, quality, or value, from an equal weight produced by the most improved methods.

Between the planter of the Mauritius, or the slave-owner of Cuba, and the ryot of India, there are producers of every variety of sugar, and the problem for solution now is, How to impose the tax in such a manner as to leave the consumer least injured thereby?

Mr. Gladstone, the late Sir Robert Peel, and Mr. Wilson perceived, that by dividing the various qualities into classes, and charging each class with a duty proportionate to the amount of sugar that could be extracted, they would place all on a fair and equal footing. The sugar would be taxed, just as the alcohol is taxed in the spirit duties, and the maker of fine raw would not be subjected to the higher duty laid upon pure lump sugar, neither would the maker of low sugar be subjected to an artificial disadvantage from duty, to be added to the natural disadvantages of his position; nor would

the consumer be debarred from purchasing sugar which when refined, would be all he desired. Thus, by justice to all, and by ensuring a wide supply, the British market would become the best stocked, and the cheapest in Europe: no premium would be offered to the maker of inferior sugar, for it must be immaterial to him whether a low duty is charged upon the Sugar *plus* impurities, or the higher one, upon the smaller amount of sugar alone.

This then is the principle of our sugar laws, and the rates of duty now charged are, upon

Refined Sugar .....	18s.	4d.
Second quality .....	16s.	0d.
Third quality.....	13s.	10d.
Fourth quality .....	12s.	8d.
Fifth quality or Melado .....	10s.	4d.
Sixth quality or Molasses ...	5s.	0d.

The rates of 12s. 10d. [P. 7. 10. 20.] and 13s. 8d. [P. 7.], given by Mr. Potter, are erroneous, no such rates of duty exist.

Even if these classes were all so accurately adjusted that the average quality of sugar comprised in each class paid exactly its fair amount of duty, there would of necessity remain some minor inequalities. For as any class must comprise a certain range of qualities, the finest or purest sugar in the class must be more favourably

situated than the lowest, or indeed any other quality in the same class, because it contains a larger proportion of pure sugar ; it must also have an advantage as compared with the sugar which occupies the lowest place in the class above it and which pays a higher rate of duty, though it is only a shade better in quality. Thus the finest sugars in each class, (assuming that the grades are accurately adjusted), are slightly protected, the medium qualities fairly taxed, and the lowest ones oppressed. Hence planters receive an unnatural stimulus to work up to the top of the grades, and have special reason to dislike securing the lowest place in the class above them. Thus one sugar might pay 2s. 2d. per cwt. more duty when it was only 6d. per cwt. better in quality ; nevertheless it is apparent that the hardship is proportionate to the magnitude of the step, and if the one in question had increased 6d. instead of 2s. 2d., the hardship would almost have disappeared. Therefore, the more the steps, the nearer the approach to justice ; the fewer, the greater the injustice, and a single duty is manifestly the worst of all.

Experience has shown, that the grades though fair in the main, require some modification. Adequate provision has not been made for the lowest

qualities of sugar, and certain of the better sugars, especially the finer qualities paying the 13s. 10d. rate, are not bearing their fair share of duty.

The system of discriminating duties finds its opponents among those whose interests lay in a protection for fine sugars, namely, the planters of the Mauritius, some of the planters of Demerara, and the slaveholders of Cuba, who, from command of labour, or favourable climate, can make finer raw sugars than their competitors. They ask to reduce the grades to two in number, or even to charge one rate on everything that goes under the name of sugar. If they can get the same duty imposed upon the 56lbs. of sugar present in the Bengalese hundred-weight parcel, that is charged upon the 100lbs. in their hundred-weight parcel, the poor Indian may keep his stuff at home, and leave the market with its restricted supply, and consequently enhanced prices to them. As it affects the Indian, so in degree it affects the maker of every sugar inferior in richness to their own, and they would be protected against them proportionately. The injury to the consumer, and to the producer of low sugars consequent upon protecting the makers of fine sugars were admitted to exist at the present time, in their

respective countries, by the representatives of France and Holland, as the following extract from the Report of the Paris Conferences will show:—  
[O. 5].

“It could not be denied that a system which imposes on an article containing 97 or 98 per cent. of pure sugar the same amount of duty as it imposes on that which contains only 50 or 60 per cent., must give the former a great advantage over the latter; and it was freely admitted by the representatives of France and Holland that such had been the result in both those countries, the low sugars being almost excluded from their markets, and that the interests of the producer and the consumer were thereby injured, the prices of the low sugars being such as to compel even the home grower to seek foreign markets, while the scarcity of the finer sorts, which alone could afford to pay the high duty, kept up artificially high prices for those kinds.”

Another class that desires the repeal of the discriminating duties, consists of the Anglo-Indian Sugar Refiners, a few gentlemen who in consequence of the proportionately heavy duty charged upon the lowest kinds, purchase this inferior sugar in India, and refine it there. They know that extension of the present system must deprive them of the protection they enjoy. The mode in which they obtain this protection is explained by an English refiner thus:—[R. 4910].

“We have been informed that the refiner in India uses jaggery: so do we. We have been told that the jaggery yields 48 per cent. of sugar, and that this 48 per cent. of sugar comes in at 13s. 10d. per cwt. We have also been told that the refiner in

India is quite as well able to refine sugar as we are. Instead of calling it 48 we will call it 50 per cent., for the sake of easy reckoning. To send 1 cwt. into this market, the Indian refiner takes 2 cwts. of jaggery, and sends in 1 cwt. of sugar at 13s. 10d. We also take 2 cwts. of jaggery. We pay on 2 cwts. at 12s. 8d. or 25s. 4d. to send the same sugar into the same market. That is a protection of 11s. 6d. on each cwt. of sugar that the Indian refiner sends in, &c.”[See also R. 4371].

It will thus be seen that the opposition to the present system does not emanate from statesmen, jealous of the interests of the consumer, but from interested parties, who not content with the protection they have managed to secure, crave for more. The following remarks from one of the English representatives at the Paris conferences explain their true position :—[M. 9. 10].

“ It is, however, useful to have upon record the opinion of a majority of the delegates in favour of a system of graduated, as opposed to fixed, import duties upon raw sugar. The former system, although rough, and in many respects vulnerable, is nevertheless, I cannot doubt, far more in accordance with sound principle than the latter, and so long as the present enormous duties upon sugar are retained, far more conducive to the general interests of the trade and the consumer. I hope, therefore, that this testimony in its favour, supplied by the decision of the majority of the conference, will assist the Government in resisting the interested efforts which have been so long made in certain quarters to substitute a uniform duty for the present differential scale.”

These interested persons succeeded in securing the appointment of the select committee of 1862, who after many sittings reported—

1.—That the amount of revenue now derived from sugar could

not, with justice to the consumers of the lower classes of sugar, be raised by any uniform duty applicable to all classes.

2.—That it is not possible to charge sugars with duties varying exactly with the quality or value.

3.—That it is necessary to maintain the principle of a scale of duties, with standards designed to include several classes of sugar within each range of duty.

4.—That the duties ought to be so regulated as to encourage the largest possible supplies of sugar from the various sources of production, in whatever form the same may be imported, whether as refined sugar, or in combination with other substances to be afterwards separated by the process of refining.

5.—That the existing scale may be rendered more equitable by such an alteration as shall admit, at lower relative rates of duty, the inferior portion of sugars which are now liable to pay 12s. 8d. and 16s. respectively.

6.—That sufficient evidence has been laid before the Committee to warrant the conclusion that such alterations might be made without any important risk to the revenue.

7.—That the evidence does not justify the Committee in recommending the adoption of refining in bond.

*8th July, 1862.*

Well wrote the clever correspondent of a Liverpool paper, "They may say with Balak, 'I took thee to curse mine enemies, and behold thou hast blessed them altogether.'"

Mr. Potter has written his letter to help Mr. Gladstone to a judgment on the Sugar Duties, and it is impossible not to admire the courage with which he endeavours to help a hopeless cause, or not to wonder at his endeavour to stem the tide of Free Trade, and re-introduce into our tariff an element of protection, at the very time when other



governments have decided to discard it. What can have induced the Member for Carlisle, a gentleman of considerable mercantile experience, and one from whose pen have appeared some valuable papers on Taxation, to advocate so unjust and unwise a proposal, it is difficult to divine, unless it be that in his disposition to hear all that can be urged on both sides, he has been well posted up, with the case of the agitator for the Protectionists, whilst the Free Traders have not chosen to pay anyone to advocate their cause; they relied on its justice and on the result of every investigation that has taken place. That this is presumable is seen from Mr. Potter calling the attention of the Chancellor of the Exchequer to two pamphlets written by this unwearied advocate, and he even quotes from the counsel for the prosecution, and adopts his version of the trial in preference to the verdict of the Jury or the verbatim account of the reporters. This is the more strange as the object of Mr. Russell in his "Summary and Digest" was not so much to secure an impartial report as to explain why he differed from the report of the Committee, he says—

"I assisted in the preparation of some of the evidence, and in the summary that follows the digest I have stated the reasons that induced me very respectfully to dissent from the report of the

select committee, and it will now remain with the public to decide how far my views are sustained by the facts I have brought under their notice."

Under these circumstances those gentlemen who offered evidence in favour of the maintenance of the Free Trade system have little ground of complaint that in Mr. Russell's book only 86 references are made to their evidence, while no fewer than 130 are made to that of the protectionists.

Mr. Potter advocates one fixed duty on all that is imported under the name of sugar; on the loaf sugar from Holland or France, and the Indian jaggery yielding 50 per cent., and on every shade or variety between them: Mr. Potter's fixed duty of 13s. 4d., would of course be 13s. 4d. per cwt. on the loaf sugar, and (as it requires 2 cwts. of jaggery to produce 1 cwt. of fine sugar) 26s. 8d. in duty would have to be paid before that 1 cwt. of sugar could be obtained; an intermediate quality yielding 75 per cent of sugar, would in like manner, pay 21s. per cwt on the sugar present. The relative effect upon these sugars would be equivalent to admitting refined sugar duty free, charging a duty of 6s. 8d. upon the sugar yielded from the middle quality, and 13s. 4d. upon the sugar obtainable from the jaggery.

This is of course naked protection, but the object sought is "to encourage" the loaf, and finer raw sugars, and to "discourage" and prohibit the remainder: but the protectionist will say "Would not such a law give the consumer a better sugar, excluding from consideration the price he would have to pay for it?" Certainly not. The consumer does not eat the jaggery or the low sugar any more than he wears cotton wool. The refiner removes the extraneous matter, and presents the sugar in a state of purity and beauty, like silver separated from its dross. This sugar is superior to the best raw that the tropics can yield, and is consequently preferred by the consumer, who would thus be injured by the uniform duty.

That Raw Sugar has no claim to be preferred before refined, take the following quotation from Professor Cameron:—[C. iii.]

"In my capacity of Public Analyst for the City of Dublin, I have had occasion to examine, more or less minutely, nearly one hundred and fifty specimens of sugar, in quality varying from the purest white to the darkest brown.

"The greater number of those samples were perfectly genuine: some were of rather indifferent quality: and the rest—about fifteen—were so impure as to be quite unfit for use; they abounded in organic filth, and contained great numbers of disgusting insects.

"All the samples of very inferior sugar were of the kind known as RAW; and in no instance did I detect in the refined article

the slightest trace of any substance injurious to the health or repugnant to the feelings.

“With such facts as these before me, and writing in the interest of the consumer, I advocate the exclusive use of REFINED SUGAR. I unhesitatingly assert that no one who pays any attention to the purity of his food, aware of the nature of the impurities so frequently abounding in the raw article, could, without a feeling of loathing, make use of it.”

And the Lancet Commission. [H. 31.]

—“feel compelled, however reluctantly, to come to the conclusion that the brown sugars of commerce are in general in a state wholly unfit for human consumption.”

But the consumer entertains another objection to the proposal, viz., that he would have to pay more for his sugar. Whatever bounty or protection the Mauritius planter obtained, the consumer must pay for it. The increased price arising from diminished supply consequent upon the withdrawal of low sugars from the market, falls upon the consumer. The greater expense of highly manufacturing sugar in the tropics instead of refining it at home, must be borne by the consumer. But it may be said the proposed advantage given to fine raws will stimulate their production. Each producer at the present time manufactures that which pays him best; if he is to be “stimulated” to make more or make a different quality, that stimulus must be an increased price. This increased price the consumer must pay. But it must be remembered that

some Planters are unable from causes independent of duty to make fine raws, while to many the great increase of cost would effectually prevent them; thus the supply would be further diminished to the serious injury of the consumer.

“Fine sugar is an article that requires skill, labour, machinery, and capital for its production, and as the combination of all those advantages can only be found in a few countries, the great bulk of sugar produced in the world must necessarily be of the lower kinds, and as our system opens our markets to all the world, it necessarily follows that the bulk of our importations must consist of low sugars.” [O. 4.]

Another effect of a uniform duty would be to encourage the importation of loaf sugar in increasing quantity; in fact all the loaf sugar used would soon be of foreign manufacture. This would be the case, because the foreign refiner would be protected against the British refiner, in the following manner. The Englishman would purchase the very finest raw sugar, and might, perhaps, manage to extract therefrom 90 per cent of loaf: he would pay the same duty upon his cwt. of raw, as the foreigner paid upon his cwt. of loaf sugar; and as his raw contained only 90 per cent of loaf sugar, he would pay the same duty on 90 per cent that his competitor paid on 100 per cent, in other words, while his competitor was charged 13s. 4d. for 1 cwt, he would be charged 13s. 4d.

for nine-tenths of a cwt., or 14s. 10d. per cwt. If the refiner purchased lower qualities of raw sugar, it would be all the worse for him. Thus, that important branch of British industry, sugar refining, would either cease to exist at once, or drag out a lingering death; there would be no low sugar to refine, and the finer qualities would be beyond reach.

What is the nature of this trade, which is thus to be driven from our shores, and subjected to treatment never offered to any trade hitherto? It is one of the most important of our manufactures, employing millions of capital, and its returns exceed the total value of our imports of flax, hemp, and wool, both raw and manufactured; and exceed our aggregate imports from Spain, Portugal, Sweden, Norway, Denmark, Austria, Sardinia, and Greece.

Excepting Mr. Potter, no one person makes so preposterous a suggestion; other advocates for one duty, couple with it a proposal for refining in bond; that is to say, that the refiners shall not be charged the duty upon the raw article, but upon the refined product: were this practicable, the question would be solved at once; but the evidence given by the refiners, and that given by the

Customs authorities showed that such a measure was impracticable: the supervision and restrictions needed to protect the revenue, would so impede the action of refiners, that they could not profitably conduct their business. Mr. Potter has

“personally too vivid a recollection of the effects of excise restrictions ever to recommend a new trade being brought under them.” [P. 20.]

Mr. Potter asks for two measures:—First, a considerable reduction in the amount of the duty, which will meet with general concurrence; and second, the substitution of a single rate for the present scale. Yet it would appear that he thinks his object would be secured by a measure of a very different nature. In page 19, Mr. Potter recommends that competition be strengthened, “either by a sound *ad valorem* duty which I think impossible, or by a uniform duty,” &c. If “impossible” on account of its nature, competition could not be strengthened thereby, but if “impossible” because it would not be practicable in carrying out, Mr. Potter admits that his object would be attained by an *ad valorem* duty. That the effect of such a duty would be the very reverse of a single duty, requires no elucidation.

Though unable to convince the Select Committee of the soundness of his resolutions, (in fact, he tells

us that it was “useless to divide the Committee upon them,) Mr. Potter hopes to be more successful with Mr. Gladstone. The resolutions were—

“1.—That the present scale of duties on sugar induces an import of the lower descriptions, and affords a bounty to the refiner at the expense of the revenue.

“2.—That a fixed duty of 13s. 4d. per cwt. would induce a larger import of fine sugars at a lower price, create a larger consumption, and benefit both the consumer and the revenue.”

These propositions are mainly supported by the following statements, to which replies are appended ;

1.—*Sugar refining, though a high class and scientific trade [P. 9], is protected by a low duty being imposed on the raw material [P. 8, 18].*

1.—The lowest qualities of sugar are heavily and unjustly taxed, and the select committee in consequence recommended their admission at a lower rate of duty. If the evidence taken by the committee, and the report have failed to convince Mr. Potter of this, it may be difficult to find any authority that he will accept. The words of Mr. Gladstone upon this subject last Spring could not be clearer.

“It had been said that the present scale of duties gave a premium on the admission of the inferior article. If that assertion were true, it was conclusive against the present system; but the hon. member opposite had declared that the quantity of saccharine matter contained in sugar of a given description was more highly taxed when the quality of the sugar was low, than when it was high. If that statement was correct, then it was not true that a premium was



given upon the admission of inferior sugar, but rather the contrary."—*Times*, April 24th, Page 7.

2.—*That low sugar is especially prepared or doctored for British Refining*, [P. 8, 9, 10, 18].

2.—A strange idea has taken possession of the mind of Mr. Potter, and we find it *crop out* in various portions of the pamphlet. He actually imagines that planters deliberately deteriorate the quality of their sugar, in order to make it admissible at the low duty, and states that "it must be imported *sufficiently dirty*," not fit for consumption, *but prepared for* and needing the refiner." [P. 8.] Again we are told of "*doctoring* sugar to meet the duty," [P. 9.]—of the advantage that would accrue if "sugar came in its natural not *cooked state*," [P. 10.] and of "the costly mode of sending *dirt and discolouration to escape the duty*." [P. 18.] Now we fortunately have the means to examine these strange charges very closely. Governor Barkly made himself the mouth-piece of a party in British Guiana, and in a dispatch, *twelve years ago*, alluded "to the practice of spoiling sugar when it was not likely to pass the lowest standard." [R. p. 324.] Mr. Macdonald "often *practically* made sugars of a lower colour to avoid the revenue," [R. 5503,] or, as he explains it in another place, "mixed good and bad sugar to bring down the average." [R. 5481.] Mr.

Kerr spoke of being "obliged to reduce the quality to escape the higher rates of duty," [R. 2521,] and Mr. Nelson, [R. 732,] stated that "in order to avoid the 16s. duty, we mix low sugar" [with the better ones.] Thus it appears that certain planters, under special circumstances (for other witnesses give very different evidence) have made a sugar that would have paid 16s. rate of duty, and other sugar that would have paid the 13/10 rate, and that by mixing the two together they managed to introduce both at the lower rate. To call this "spoiling," the sugar is simply absurd, it would be equally correct to call it "improving" the sugar, as such was manifestly the effect upon the lower quality. As "the finest qualities of sugar admitted at the 13s. 10d. rate, are the lightest taxed sugars imported" [R. 4818], in proportion to the crystal they contain, the process in question has already enabled the Demerara planter to steal a march upon the producers of sugar of every other quality, and actually escape a portion of taxation, which his less fortunate competitors are compelled to bear! But even this simple harmless practice is but very exceptionally resorted to now, whatever took place twelve years ago. Take for example, the evidence of Mr. Chambers,—

"Who represents the annual import of 30,000 casks of sugar,

embracing every description, from the lowest Muscovado to the highest quality of Vacuum Pan Sugar, from Demerara, Trinidad, St. Vincent, Tobago, Grenada, Barbadoes, Antigua, Montserrat, and Jamaica, [R. 5916,—19.]

“R. 5929.—Do you consider yourself that these different rates of duty prevent improvement in the quality where the sugar is produced? No, not at all. I have constant communications with the growers, and all persons engaged in the manufacture, and I am perfectly satisfied that they all try to make their sugar as good as they can.

“R. 5971.—So far as my experience goes, and it extends to all the colonies which I have mentioned, we always try to make the best qualities we can.

“R. 5972.—Mr. Chambers states that his firm have large estates in Demerara, and “that the planters in that colony are wiser now than to spoil their sugar” [R. 5973], and “to suppose that to save a little duty the sugar should be spoilt, seems an absurdity” [R. 5956.]

3.—*Refiners admit that their business is not to make cheap but fine sugars,* [P. 16.]

3.—The inaccuracies which abound in Mr. Potter’s quotations are most extraordinary and unaccountable. Mr. Fairrie stated [R. 4367]

“Our business is not to make white sugar whiter, but to make brown sugar into white.”

Mr. Potter’s version is [P. 16.]

“Mr. Fairrie admits ‘that it is not the business of the refiner to make *cheap* sugar, but *finer.*’ ”

The Italics are Mr. Potter’s. Mr. Fairrie says in effect, “we are manufacturers, and as such our business is to convert the raw material into

the manufactured article, not to operate upon a substance already manufactured. Not the business of the Refiner to make cheap sugar! It is only because the British Refiner is able to make both *cheaper and finer* articles than his competitors, that his trade exists, and notwithstanding "the interested efforts which have been so long made in certain quarters," [M. 10] doubtless the consumer will still be permitted to purchase in the cheapest market.

4.—*That if refined abroad, the product would be charged a much higher rate of duty, and that British refining is thus protected, [P. 8.]*

4.—If all sugars were refined abroad, the average amount of duty *per cwt.* would of course be increased. But the *number of cwts.* imported would be fewer, because the weight would be lessened by the water, treacle, and dirt removed abroad. If the grades were accurately adjusted, the total amount of Revenue would be precisely the same, whether the larger amount of raw material paying the lower duty was imported, or the smaller amount of refined or extract paying the higher duty; and the consumer would obtain precisely the same amount of extractable crystalline sugar for the same amount of duty in either case. But the grades are *not* quite accurately adjusted. The upper portion of sugars in the 13s. 10d. grade are favoured, and the lower portion in the

12s. 8d. grade are oppressed; and Mr. Potter's aim is to add favour to the favoured, and oppression to the oppressed. While [P. 9.]

“The revenue receives 13s. 4d. average duty, the consumption is for sugar which would pay probably 17s. 2d.,”

it is evident that the revenue is not affected whether the import consists of

17 $\frac{1}{6}$  cwts. raw sugar including treacle, water, and dirt, paying an average rate of duty of 13s. 4d. per cwt.—£11 8s. 10d. or 13 $\frac{1}{3}$  cwts. of Refined sugars extracted therefrom, paying an average rate of duty of 17s. 2d. per cwt.—£11 8s. 10d.

Thus Mr. Potter's argument does not even bear upon his bold and unfounded assertion, viz.:

“I affirm that the duty being unfitly charged, is increasing this process (viz., British refining) at the expense of the revenue.” [P. 8.]

5.—*That Mr. Gadesden's evidence confirms this, [P. 14].*

5.—Mr. Gadesden's evidence has no reference to the subject at all. This most able witness was pointing out some of the objections to refining in bond. One of these was, that an honest refiner might purchase sugar, paying 12s. 8d. per cwt. duty, which was composed of crystallisable and uncrystallisable sugar 93 $\frac{1}{4}$  per cent., water 5 $\frac{3}{4}$ , and dirt 1 per cent., “total not sugar 6 $\frac{3}{4}$  per cent.,” this when refined, might

show 4 per cent. loss, and the produce might contain an average moisture of  $2\frac{3}{4}$  per cent. He then shows how a dishonest person by purchasing drier raw, and sending out damper refined might abstract a large amount of sugar, and only show the same apparent loss in weight. Mr. Potter has here discovered a "mare's nest." Entirely forgetting that the object of refining is to remove treacle as well as non-saccharine matter, he has considered that the 96 per cent. of yield consisted of sugar that if imported would pay 16s. or 18s. 4d. per cwt.; whereas it is computed to contain just so much refined sugar as would, if imported at 18s. 4d. per cwt., pay the precise sum of 12s. 8d., the duty actually paid upon it.

If Mr. Potter's knowledge of the difficulties of the manufacture of sugar had been a little more extensive, his astonishment at finding 1 per cent. of dirt in raw sugar [P. 14] would be manifested at the smallness not the magnitude of the amount.

6.—*That as sugar has been imported at 13s. 10d. per cwt., containing 95 per cent. crystalline sugar, and that as the 12s. 8d. grade comprised sugars from 27s. to 34s. 6d. per cwt., the present duty was not ad valorem, [P. 14].*

6.—It is not pretended to charge sugars with *ad valorem* duty, yet there is a certain sort of resemblance between the classified and *ad valorem* rates. From

Mr. Potter's own quotation, it is evident that the lower qualities of the 12s. 8d. grade pay too much, and the finer qualities charged 13s. 10d., pay too little. The sugar which showed on analysis 95 per cent. crystallisable sugar, should not be charged with nineteen-twentieths of the tax on pure sugar, because this amount, though theoretically present, is not really extractable. But if the sample in question yielded 10 per cent. of treacle, and 2 per cent. of loss on refining, it is too lightly taxed at 13s. 10d. ; for

If lump sugar (100 per cent.) is charged 18s. 4d.

That which yields 88 per cent. pays 16s. 4d.

7.—*That Sir Thomas Freemantle considered the present rate designed to admit low sugars, [P. 13].*

7.—Sir Thomas Freemantle was correct in stating, that the attempt to treat the lower classes of sugar with justice, caused the adoption of the 12s. 8d. rate, but he did not state that the object was to give an unfair advantage to low sugars, or to give a bounty to the refiner, such certainly were not the objects sought, and such results have certainly not ensued.

The extracts from Sir Thomas Freemantle's evidence have fared no better than other quotations, [P. 13-14]. The first part of the answer to question 172 is not correctly given, and the latter part was not uttered by him at all. The last two sentences included in the paragraph, attributed to this disinterested witness, were part of the evidence of Mr. Rennie. One of the references is incorrectly given.

8.—*That the importation of low sugars has increased, [P. 10].*

8.—Planters are beginning to understand, with Mr. Sturge, of Birmingham, [R. 6155]:—

“That it is a misapplication of skill and capital by the sugar planter to attempt the manufacture of refined descriptions of sugar in the colonies,” &c.

Mr. Sturge is of opinion that if the duties on the lowest class of sugars were fairly assessed, the true interest of the planter would lead him to make concrete; and Mr. Sturge speaks from experience, and endorses the following:—

“The planter prevented, by the high rate of duty to which he would be subjected, from making his product into a simple concentrated mass, expends his energy and means in rudely separating it into sugar and molasses; the former, however, is not sufficiently pure and white to satisfy the consumer, and the latter is unsuited for general consumption. The refiner purchases this so-called sugar, dissolves it in water, and proceeds to remove from it a portion of molasses, and he takes the so-called molasses in like manner, to remove from it a portion of sugar. This would be equal to the Australian sheep farmer under every disadvantage spending a portion of his time and money in twisting his wool into yarn, for the Yorkshire manufacturer to untwist again before he commences to make it into cloth.—*Free Trade in Sugar, P. 6.*

Our laws are less oppressive to the lowest descriptions of sugar than those of our continental neighbours, and thus, fortunately for the British consumer, the importations of low sugars have increased. These sugars when prepared for use are surpassed by none in any respect,



and Mr. Potter is as unable to discover by its appearance, sweetness, or value, whether the crushed sugar on his table was imported as dry Mauritius, moist West India, or low native Madras, as to find by examination of the silver of the spoon with which he transfers it to his plate, whether it has been extracted from ore rich or poor in metal.

9.—*Thinks the poorer classes would not obtain sugar so cheaply as if a uniform duty were in force, [P. 17].*

9.—The poorer classes consume either refined sugar, raw sugar, or treacle. The consumer of *refined* would pay more for sugar if a uniform duty were adopted; this has been shown at page 18. The consumer of *raw* would be manifestly injured by one duty, for he would have to pay the lump sugar duty upon his less dry and pure raw sugar, an injustice from which the classified system exempts him. The consumer of *treacle* is injured by every obstacle to the admission of low sugars, from which treacle is separated.

10.—*A uniform duty would make all producers compete, [P. 17].*

10.—One duty would limit competition, not increase it. It would “protect one class, injure another, and prohibit a third.”

11.—*Low East India sugars cannot now, from natural causes, be imported, [P. 17].*

11.—This is a strangely unfortunate assertion, as one refinery alone has used during the last two months 2688 bags of jaggery, 12,825 bags of native Madras, 16,938 mats of unclayed Manilla, and has under offer 10,831 bags of jaggery. Thus, while these very low sugars are unjustly taxed, some portion of low East India does find its way into our market, and the “natural disadvantages” are not likely to exclude it, if the artificial ones are removed.

12.—*West India sugar could be made infinitely (!) better, at a slight cost at home, [P. 17-18].*

12.—West India planters, like others of the human race, are apt to think they understand their own business, and are ever ready to increase their profits, even at the cost of considerable outlay. They, however, will be “infinitely” obliged if Mr. Potter will communicate his secret to them.

13.—*Because it is not possible to fix each sample of sugar with its exact duty, it is better to charge all alike, [P. 19.]*

13.—The justice of this theory would be paralleled by the following:—“Because it is not possible to fix each” man with his “exact” proportion of income tax, “it is better to charge all alike;” the wealthy

merchant with his ten thousand a-year, and his poor clerk with his single hundred.

In practice, the hardship is reduced within narrow limits. The whole cargo is not averaged and charged at one rate of duty, but each five bags are separately assessed. And if, out of a cargo, a few bags pay the higher duty, the bulk enjoys the most favoured place in the lower rate, and taking the cargo altogether, it is very favourably rated. It is the disposition to keep as close as possible to the standard which results in its being occasionally overstepped. A gentleman formerly an Indian refiner gives the following evidence [R. 5329, 30]:—

“Where people are a little too greedy, they sometimes [pass the standard.] I have done it myself: I have mixed my sugars in Bengal to keep within the duty, and have found, that perhaps 50 bags out of a lot were charged at the high rate of duty, when I intended all to have come in at the low duty.”

“I do not think there is a difficulty [in making sugar of that quality up to a particular standard,] but sometimes people are too greedy and sail too close to the wind.”

14.—*Present duties do not encourage import of loaf sugar, [P. 20.]*

14.—This is another unfortunate statement, and in reply, take the following evidence, which cannot be objected to, as the witnesses are opposed to the classified rates :—

“The foreign refiner sends in one-sixth of the white sugar consumed in the country,” [R. 3117.]

“We [in Ireland] do not obtain any lumps from England, they all come from France and Belgium. \* \* \* As regards lumps, the foreigners have driven out the English from our market. \* \* \* I think 300,000 loaves [of foreign refined sugar] have been imported into Ireland; I should think 40 or 50 cargoes in the year, [R. 2654, 2666.]

15.—*The small export shows that refiners cannot work more cheaply here than elsewhere,* [P. 20.]

15.—Compare this with Mr. Potter’s own words,

“I may be told that refining \* \* \* can be more cheaply done in this country than elsewhere. I do not deny it,” &c. [P.8.]

On the export of sugar a drawback is allowed by the customs. This drawback professes to cover the amount of duty paid upon the raw from which the refined is made. A miscalculation of this drawback, by depriving the refiner of a portion of the money paid in duties, would quite account for small export, without affecting the question of whether the home refiner works more cheaply than others or not. Besides, the exporting refiner has to compete with the French, Dutch, and Belgians, whose governments give them a large bounty on export. That refiners can work more cheaply in England than elsewhere is undeniable.

16.—*Single duty would bring no complications,* [P. 20.]

16.—The single duty is either intended to include

molasses or it is not. If molasses must pay the lump sugar duty, no molasses will be imported, and the poorer classes, and especially their children, will be deprived of one of the most palatable, wholesome, and cheap luxuries they possess. If one duty is paid on sugar and another on molasses, there must be a line of demarcation and a customs' standard. Where a substance being just too good to pay the molasses duty is charged with the rate paid upon lump sugar, the hardship will be many fold greater than any that can be imposed under the classified scale, and the "complications" at that point proportionately great. But if it is urged that where a cask contains a portion of sugar, and the remainder is molasses, each might be assessed at its own rate, the whole theory of the classified system is conceded, and should be extended to every variety of sugar.

If one duty were charged on every description of raw, the imposition of an equitable drawback on export would be impossible. If a drawback were allowed, equal in amount to the fixed duty, the refiner would be defrauded; because a hundred-weight of raw can never yield a hundred-weight of refined. As the amount of drawback could only be equitable for one particular quality of raw, the refiners who used inferior qualities would be

sufferers, and those who used superior qualities would be protected; and if the drawback were computed upon the average yield of raw, the exporting refiner, by purchasing the finest raw, would really obtain that which only the ignorant charge him with now, namely, a bounty upon export. Yet Mr. Potter says that a single duty would "bring no complications!" and that strange and amusing production "Travers' Grocery Circular," speaks of a single duty being

"A method by which every difficulty with regard to the drawbacks could be obviated." (!!)

17.—*If the amount of duty were low, none but a refiner would wish it to be graduated.* [P. 6.]

17.—The amount of the duty does not effect its justice; to argue that because a heavy fixed duty is oppressive and a lighter one is less oppressive, that therefore it is equitable, is tantamount to saying "A great robbery may be criminal, but a small robbery being better than a great one, is no crime at all."

Another doctrine, equally strange and erroneous, is propounded at page 19. Advocating a uniform duty, Mr. Potter says

"Better the error (if there be an error) of simplicity, than the assumption of justice in complication."

This is equivalent to saying "Because our judges cannot assign to each criminal a degree of punishment *exactly* proportioned to his offence, it is better to pass the same sentence on all, from the poor vagrant, to the fiendish murderer. 'Better the error of simplicity,' than the approximation to justice in variety!"

18.—*Consumer purchases refiner's produce because the duty prevents his purchasing the raw.* [P. 8.]

18.—Raw sugar well suited for grocery purposes is the lightest taxed sugar imported, and the still finer qualities of raw are only subjected to an additional duty of less than one farthing per pound! at this rate the tax is equitable, but the refiner's produce being cleaner and better commands a preference. But foreign refiners are driven by their protective laws to compete with each other for these fine raw sugars, this was made clear at the Paris conference :—

"It is principally this artificial high price for the finer sorts in other European markets, which causes their comparative scarcity in the English markets." [O. 5.]

19.—*Small increase of consumption "fully proves" the unsoundness of the principle of the present scale of duties.* [P. 21.]

19.—Unfortunate indeed is this assertion. The duty-paying articles of general consumption are tea, coffee, sugar, tobacco, and spirits. The increased

consumption by each unit of the population during the years Mr. Potter has selected for comparison has been GREATER IN SUGAR THAN IN ANY ONE OF THESE ARTICLES. The increase in the consumption of wine, however, exceeds that of sugar because classified and reduced duties have been wisely adopted.

20.—*Sugar would be uniformly imported of a higher and better class.* [P. 17, 18.]

20.—If the raw sugar imported were all of fine quality Mr. Potter appears to think some great end would be achieved. He therefore advocates a system of legislation that will give a bounty to its makers and prohibit the importation of the low qualities. Perhaps Mr. Potter also thinks that if all the cloth worn, were of the finest West of England make, and all the cheese eaten were Stilton or the best Cheddar, and all the butter and eggs consumed were fresh, that the consumer would greatly benefit. It would not be impossible to place such a duty upon Yorkshire cloth, upon Irish butter and eggs, and upon American cheese, as would keep these inferior articles from our market. But how those would gain whose slender means precluded their purchasing the finer qualities, or how the rich consumer would benefit by the higher prices exacted



in consequence of restricted supply is not apparent. Mr. Potter says "the competition would be in," but how could this be when the competitors would be out?

If the case of the Protectionists is exhausted by their evidence before the Select Committee, by the voluminous writings of Mr. Russell, by the pamphlets that have appeared from Messrs. Potter, Nelson, and an anonymous "M. A.," by the "*Grocer*," newspaper, and by the would-be Grocers' Oracle, there has been no lack of wisdom on the part of the friends of the consumer, the unrepresented natives of India, the British Refiners, and the West India interest, in neglecting to employ anyone to "prepare their evidence;" they may rely upon our rulers giving a verdict for the defendants, from the very groundlessness of the case of the plaintiffs.

The French Treaty now finds few opponents in this country, but when it was under consideration by the various Chambers of Commerce, Mr. Potter, who was Chairman of the Manchester Chamber of Commerce, strenuously opposed the system of specific, or uniform duties, and as strongly advocated the *ad valorem* system. His course seems somewhat inconsistent, for he now asks for a

uniform duty on sugar, instead of the classified scale, and thus he once more stands opposed to the apostle of Free Trade, who says—

“I thought I had as keen a scent as most people in such matters, but I was bound to admit that, I did not see that ‘protection was necessarily involved in the principle of the scale.’”

Mr. Potter professes a great interest in the consumer of sugar, though he fears there is no chance of the repeal of the sugar duties. [P. 4, 21.] Let him give effect to his profession by making to the Chancellor of the Exchequer a proposal somewhat to the following effect:—

“Sugar has been taxed and played with  
 “for generations to the great injury of  
 “the consumer: I recommend a bold step,  
 “viz., to remit the whole of the duty,  
 “and thus grant a boon that will be enjoyed  
 “almost throughout that empire on which  
 “the sun never sets. The loss of  $6\frac{1}{4}$  millions  
 “must be made good. I am one of the most  
 “extensive calico printers in the world, and  
 “the prosperity of my business depends upon  
 “that of the Cotton trade. I recommend you  
 “to place a duty upon cotton; for ‘simplicity’s’  
 “sake [P. 19,] and in order that there may be  
 “‘no complications’ and ‘that the competition

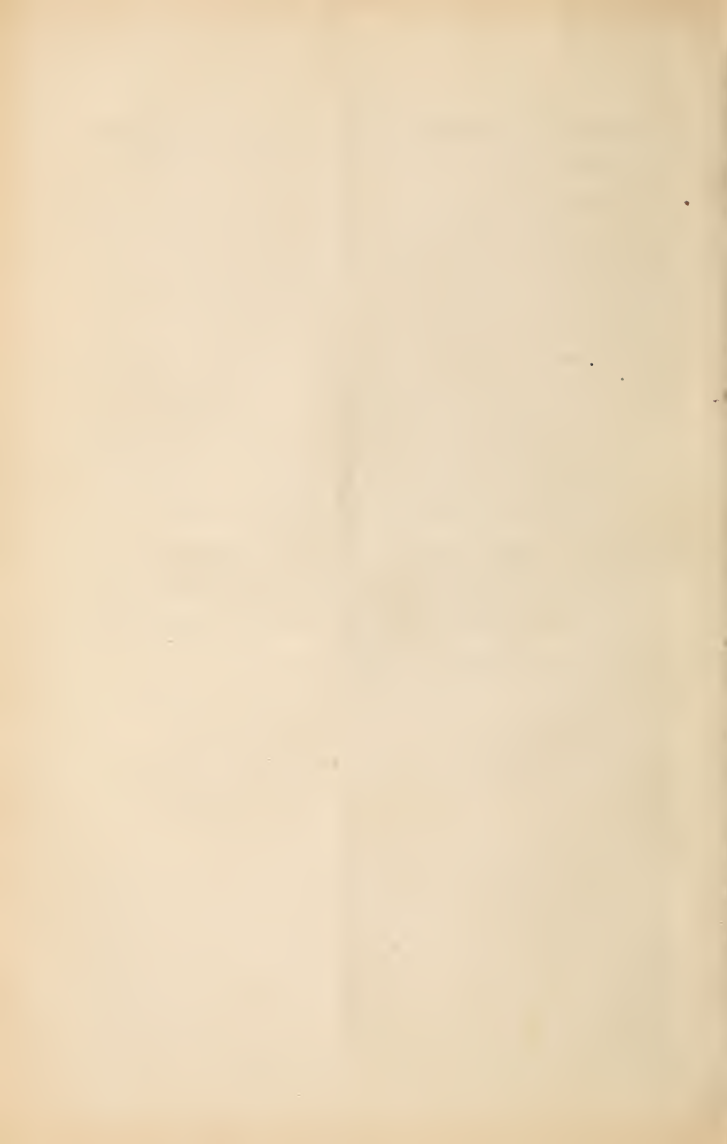
“ may be in,’ let that duty be ‘uniform.’ We  
 “ are at present dependent to a great extent  
 “ upon India for Cotton. India produces low  
 “ cotton as it produces low sugar. Much  
 “ of this Indian or Surat cotton contains 20  
 “ per cent. of impurity ; the uniform duty will  
 “ keep the bad stuff from our market, and the  
 “ consumer will only have good cotton from  
 “ our mills. Besides the dirt and impurities  
 “ by increasing ‘the freight constitute an  
 “ obstacle to its coming’ already, and as Bob  
 “ Sawyer would say, the uniform duty would  
 “ ‘merely assist nature.’ I dont see how the  
 “ Lancashire manufacturer can compete with  
 “ the Foreigner under these circumstances, and  
 “ though manufacturing ‘in bond’ would relieve  
 “ him of many of the artificial disadvantages  
 “ to which he would be subjected, yet we will  
 “ have no spinning, weaving, or printing in  
 “ bond, anything is *better for the Cotton lord*  
 “ *than that* [P. 20]. The same duty must of  
 “ course be charged upon a pound of printed  
 “ muslins as upon the 13oz. of cotton extract-  
 “ able from the pound of Surat, thus there  
 “ will be a differential duty in favour of the  
 “ foreign manufacturer in addition to which the

“home trade will be subjected to the expense  
 “and inconvenience of paying duty upon all  
 “their stock. True, the British Cotton trade  
 “might ‘go to the wall’ [R.980], but that is of  
 “no consequence, and I incline to think,  
 “but I can’t explain how, that this change  
 “would be of advantage to the consumer, to  
 “the Indian and other growers, and also to  
 “the British cotton trade! The Indian  
 “producer would cease to have a ‘premium  
 “upon bad manufacture,’ and would have a  
 “stimulus to export something better. When  
 “exporting we shall have to deal with Customs  
 “Officers and with drawbacks, and if, notwith-  
 “standing heavy duties and inadequate draw-  
 “backs, we do not undersell our competitors  
 “it will be a proof that we cannot manufacture  
 “cotton as cheaply in Great Britain as else-  
 “where.”

In conclusion is appended the mature judgment  
 of a gentleman, unrivalled in his knowledge of the  
 working of the sugar laws, and of the nature of the  
 trade, after having, under the most favourable  
 opportunities for forming a correct opinion, spent  
 weeks in comparing our sugar policy with that of

each of the most important of continental governments.

“IN COMPARISON WITH THE TRADE AND LEGISLATION OF FOREIGN COUNTRIES IN REFERENCE TO SUGAR, ENGLAND STANDS ALONE AND PRE-EMINENT IN THE EXTENT OF SUCH TRADE AND IN THE AMOUNT OF HER REVENUE AND CONSUMPTION, AS WELL AS IN HER SYSTEM OF DUTIES, WHICH ADMITS OF THE INTRODUCTION OF EVERY QUALITY FROM EVERY PART OF THE GLOBE; AND WHICH, REGARDED AS A MEASURE OF FINANCE AND COMMERCIAL LEGISLATION, HAS PRODUCED RESULTS, THE SUCCESS OF WHICH AT PRESENT ATTRACTS THE ATTENTION OF THE GOVERNMENTS OF OTHER COUNTRIES, AND HAS INDUCED THEM TO ATTEMPT ITS ADOPTION, IN THE HOPE OF DERIVING EQUAL ADVANTAGES.” [O. 9.]



U.C. BERKELEY LIBRARIES



C006262307

